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Perspective*The Cancun Summit*¹ ☐

The Cancun Summit, which President Reagan plans to attend 22-23 October, will bring together the leaders of eight developed and 14 less developed countries (LDCs) representative of the "North" and "South" respectively. Their foreign ministers will meet this weekend to iron out the nature and scope of the October sessions. Statements by the seven leading industrialized nations at Ottawa reaffirming a commitment to support the stability, independence, and genuine nonalignment of the developing nations underline the importance that leaders of some of these nations place on the October discussions. ☐

For their part, the LDCs will be looking for a springboard from which to resurrect and launch global negotiations on a New International Economic Order (NIEO). The NIEO calls for reordering the international economic system in a way that would provide LDCs with a greater political voice in international councils, as well as transferring resources to the LDCs from the developed countries. ☐

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The Summit is the latest episode in the longstanding North-South dialogue. While the interchange began in the 1960s, it reached its zenith in the mid-1970s, when many LDC leaders thought they could emulate the clout enjoyed by OPEC and could depend on OPEC for financial and political support. OPEC attempted to divert the attention of oil-importing LDCs away from dramatically rising oil prices by promoting a linkage between negotiations on energy policies and on the new international economic order. ☐

Since the mid-1970s, the North-South dialogue has become less confrontational, as many LDCs found they lacked both the economic clout and the OPEC backing to acquire the political strength they desired. Many oil-importing LDCs began to question OPEC's contention that escalating oil import bills were the fault of the developed countries. Furthermore, many of the original and most vociferous LDC leaders, such as Algeria's Boumediene and Mexico's Echeverria, passed from the scene. ☐

To date, the North-South dialogue has proven frustrating for both sides. Both developed and less developed countries have articulated sweeping demands and responses, but only rarely have they dealt with specific problems.

¹ This perspective was prepared by the National Intelligence Council Analytic Group. ☐

25X1 There has also been an emphasis on procedure rather than substance, with considerable time and effort spent debating how to debate and discussing how to organize discussions. ☐

25X1 The LDCs are far from a homogeneous negotiating group. The most economically dynamic, such as Singapore and South Korea, show little interest in the North-South dialogue; indeed, they have much to lose by alienating the developed countries. Some, such as the Ivory Coast and Malaysia, are pro-West with a free market orientation. Others, such as Ethiopia and Angola, are pro-Soviet. Many Third World states see themselves as genuinely nonaligned and are governed by leaders who practice socialist ideologies. Such leaders—Julius Nyerere is a leading example—combine a faith in socialist-collectivist policies with a preference for centralized political institutions. Some Third World states such as Nigeria, India, and Brazil, are major regional powers with added parochial interests. ☐

The LDCs range from wealthy oil-producing states (Saudi Arabia, Libya, Kuwait), through highly efficient industrializing states (Singapore, South Korea, Hong Kong), to the extremely poor, agrarian, and overpopulated states (Bangladesh). Consequently, the interests of the LDCs diverge markedly on both broad economic issues and concrete proposals. LDCs that are major exporters of primary commodities are usually most concerned about stabilizing prices of their exports; the rapidly industrializing states seek preferred access to Western markets; many of the very poorest are preoccupied with ensuring enough resources for subsistence. ☐

25X1 The LDCs, therefore, have an interest in keeping the dialogue general enough to maintain their unity while keeping pressure on the developed countries for concessions at glittering international meetings:

- These meetings provide them with important domestic political benefits, especially when they are seen to challenge the West, notably the United States.
- Such pressure on the developed countries has resulted in some concrete economic benefits, at least for some LDCs.
- Pressure to expand international organizations, if successful, can provide even additional forums in which to push for political benefits.
- The dialogue provides certain Third World leaders with an opportunity to compete with each other for leadership of the South and to promote the prestige of their countries. ☐

25X1 The industrialized nations remain divided in their response to LDC demands. Many influential European socialists sympathize with the plight of the LDCs, which they perceive to be in many cases the international equivalent of the "proletariat" in their own societies. Some Western leaders, notably Prime Minister Thatcher, strongly believe that economic frustrations in the Third

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World provide major opportunities for Soviet mischief and anti-Western propaganda, and therefore see LDC economic development, at least in part, as a facet of East-West policy. Other European leaders wish to promote detente with the USSR and seek to uncouple North-South from East-West issues. ☐

Nonetheless, the industrialized West has relatively little to offer the LDCs at this time beyond existing commitments. In varying degrees, all of them have acute budgetary and other economic problems at home that preclude bold, costly initiatives in the North-South arena. Moreover, they are constrained by an array of domestic interests. For example, even though Japan and Canada support a reduction in trade barriers against LDC manufactures, their markets are relatively more closed to LDC products than those of the United States, and pressures for additional protection are strong. ☐

The Western countries thus far have provided concessions that have been more procedural than substantive. Within the framework of the North-South dialogue, resource transfers have been modest. Most of the substantially larger funds flowing to the LDCs since 1973 have been the result of private and official bilateral arrangements and greatly expanded lending by traditional institutions such as the IMF and the World Bank. ☐

Soviet refusal to attend the Cancun Summit offers the United States a considerable opportunity to point out and emphasize the meager Soviet record of development assistance to the Third World. Soviet interest has been limited almost entirely to those countries where political influence was accessible to them or where potential positions of strength were apparent. The Soviet contribution to the North-South dialogue has been primarily restricted to criticism of the United States and its allies without any corresponding commitment to provide the wherewithal for economic development. ☐

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